

DIERINGER SCHOOL DISTRICT No. 343
Pierce County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. The District Should Maintain Time And Effort Documentation For Payroll Charges To Federal Programs

The district allocated payroll charges to the Chapter 1 Program (CFDA 84.010) and Learning Assistance Program based on budgeted percentages rather than the actual time and effort documentation prepared by program personnel. Documentation supporting time and effort reports could not be located or easily reconstructed. In both programs expenditures exceeded grant revenues.

OMB Circular A-87, *Cost Principles for State and Local Governmental Units*, Attachment B, "Standards for Selected Items of Cost," Section 10. b., states in part:

Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records

District financial personnel assumed time and effort documentation prepared by program personnel reflected actual percentages. In addition, district personnel were unaware of the requirement to maintain detailed documentation supporting time and effort charges to federal programs until after a December 1992 SPI monitoring visit.

As a result of the above conditions, the district was not in compliance with the requirements of OMB Circular A-87 when charging payroll costs to the Chapter 1 Program.

We recommend the district comply with the requirements of OMB Circular A-87 when charging payroll costs to federally assisted programs.

2. The District Should Maintain Inventory Control Over Commodities

The district receives USDA commodities under the Food Distribution Program (CFDA 10.550) from SPI. The district has maintained only partial inventory control over frozen commodities and no inventory control over canned commodities.

The district's agreement with SPI requires the district to:

. . . maintain all records pertaining to transactions relating to receipt, disposal, and inventory of donated foods.

District personnel were unaware of the need to maintain inventory records for commodities.

Without proper inventory records, there is no assurance commodities were used only for authorized purposes.

We recommend the district institute proper inventory control over all commodities received as part of the Food Distribution Program.

3. The Schedule Of Federal Financial Assistance Should Be Accurately Prepared

The Schedules of Federal Financial Assistance (Schedule 16) for fiscal years 1991-92 and 1990-91 as prepared by the district contained material errors. These errors were located and corrected during the audit.

The "Common Rule" for *Uniform Administrative Requirements For Grants And Cooperative Agreements To State And Local Governments* states in part:

. . . Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for federally assisted activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income . . .

District personnel had difficulty in the preparing the Schedule 16 since district accounting was on the cash basis and Schedule 16 should have been prepared on an accrual basis.

Inaccuracies in the preparation of the Schedule 16 caused increased audit time in establishing the correct balances to be reported. Inaccuracies also presented problems when attempting to identify which federal programs would be subjected to audit.

We recommend the district prepare the Schedule of Federal Financial Assistance in the appropriate manner.